

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric
Company to Revise its Electric Marginal
Costs, Revenue Allocation and Rate
Design. (U39M)

Application 16-06-013
(Filed June 30, 2016)

**PRE-HEARING CONFERENCE STATEMENT OF
THE OFFICE OF RATEPAYER ADVOCATES**

CHRISTOPHER DANFORTH &
MATTHEW KARLE
Regulatory Analysts for the Office of
Ratepayer Advocates

NICHOLAS SHER
Staff Counsel for the
Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-4232
Fax: (415) 703-4592
Email: nms@cpuc.ca.gov

September 9, 2016

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I. INTRODUCTION AND SUMMARY

Pursuant to the Administrative Law Judge's ("ALJ") September 1, 2016 Ruling Setting Prehearing Conference; Inviting Prehearing Conference Statements; And Setting Residential Fixed Charge Workshop ("Ruling"), the Office of Ratepayer Advocates ("ORA") files this Pre-Hearing Conference ("PHC") Statement.

The ruling invited parties to file PHC statements addressing the following:

- Procedural schedule;
- Scope of issues to be included in (or excluded from) the proceeding;
- Agenda or format for Residential Fixed Charge Workshop;
- Need for evidentiary hearings;
- Appropriate category for this proceeding;
- Discovery issues; and
- List and description of other matters the parties wish to address at the PHC.

ORA includes herein a response to select issues.

II. ORA PRE-HEARING CONFERENCE STATEMENT

1. Procedural schedule

Parties held a meet-and-confer conference call on September 8, 2016 and agreed on a compromise procedural schedule. Pacific Gas and Electric Company ("PG&E") will be including that schedule in its PHC statement.

2. Scope of issues to be included in (or excluded from) the proceeding

ORA requests that the matter of a minimum bill provision in lieu of fixed costs be included within the scope of this proceeding. ORA has included as Attachment 1 to this statement a proposed agenda for the first fixed cost workshop. ORA has included in that agenda proposal time for discussion of cost categories which would be appropriate to include in a minimum bill provision. ORA requests that Southern California Edison Company and San Diego Gas & Electric Company also provide other parties, before the first workshop, with fixed cost reports similar to what PG&E has served in Appendix F of Exhibit PG&E-2.

In D.15-07-001, the Residential Rate Reform Order Instituting Rulemaking (“OIR”) Decision, the Commission recognized that Assembly Bill 327 authorizes the Commission to consider a minimum bill as an alternative to fixed charges. It stated further on page 219 that “The future minimum bill and fixed charge amounts shall be subject to review by the Commission and the parties through the IOU’s GRC Phase 2 applications.” Consideration of the cost components of a minimum bill in the same workshops as are used to discuss fixed charges seems the most efficient use of the Commission’s and parties’ time.

3. Agenda or format for Residential Fixed Charge Workshop

ORA envisions at least two workshops. The first workshop would be devoted mainly to discussing general conceptual and methodological issues (See Attachment 1). The agendas for subsequent workshops could be established depending developments and issues raised in the initial workshop.

ORA would like to ensure that early in the workshop process, other utility parties provide fixed cost reports similar to what PG&E has served in Appendix F of Exhibit PG&E-2. ORA has discussed the matter previously with the utilities and they have indicated that they intend to do so.

III. CONCLUSIONS

ORA intends to participate fully as a party this proceeding and in any fixed cost workshops held as a part of the proceeding. ORA requests that the minimum bill provision be included as part of any such workshops, and respectfully requests that the Commission include issues relating to a minimum bill within the scope of the proceeding.

Respectfully submitted,

/s/ NICHOLAS SHER

NICHOLAS SHER
Attorney

Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-4232
Fax: (415) 703-4592
E-mail: nms@cpuc.ca.gov

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Attachment 1 – ORA’s Proposed Agenda for First Workshop

Discussion of what cost categories proposed in PG&E’s Table F-1 could be included in a monthly fixed charge (in the absence of statutory limitations).

- Should costs that commonly go into an Equal Percent Marginal Cost (“EPMC”) multiplier be considered for inclusion?
- Should costs outside distribution marginal customer costs (e.g., distribution demand costs, generation energy and capacity costs, and PPP costs) be considered, and if so why?

Within the distribution marginal customer costs, what is the proper treatment of the capital and Operation & Maintenance (“O&M”) costs associated with the final line transformer, service and meter (“TSM”)?

- Discuss what the New Customer Only (“NCO”) and rental methodologies would suggest about whether and how the TSM-related costs should be included or excluded from a fixed charge.
- Discuss whether all three elements of TSM should be included, or whether some be excluded, and why?
- Should some aspects of some of the TSM costs be regarded as demand-related for purposes of calculating a fixed charge (e.g., transformer sizes, Advanced Meter Infrastructure (“AMI”) costs associated with demand response)?
- Are some of the three elements of TSM amenable to differentiating customer charges by kilowatt size or by customer type (e.g., single family homes versus apartments, solar versus non-solar)?

Discuss whether all the customer services elements that PG&E includes in the distribution marginal customer costs should be included in a fixed charge, and if not, which ones should be excluded and why.

- Discuss how the utilities go about calculating what customer service costs can be regarded as marginal, and the pros and cons of different approaches.

- Should the difficulty of calculating what customer service costs are marginal affect the determination of a fixed charge, and if so, how?

If the Commission were to consider a minimum bill approach in lieu of a fixed charge, what are the pros and cons of doing so?

- How does a minimum bill differ in concept from a fixed charge? What does it represent? What is it intended to collect?
- What cost categories would different parties recommend be allowed in a minimum bill?
- What elements of TSM cost should be included in a minimum bill and why?
- What elements of customer services costs should be included and why?
- Should the minimum bill vary by customer size or type, and if so, how would this calculation be made for different sizes and types of customers?
- What basic information could be used to develop a minimum bill? Should we start with marginal costs or embedded costs such as are contained in Federal Energy Regulatory Commission (“FERC”) Form 1 or Phase 1 of the General Rate Cases (“GRC”s)?